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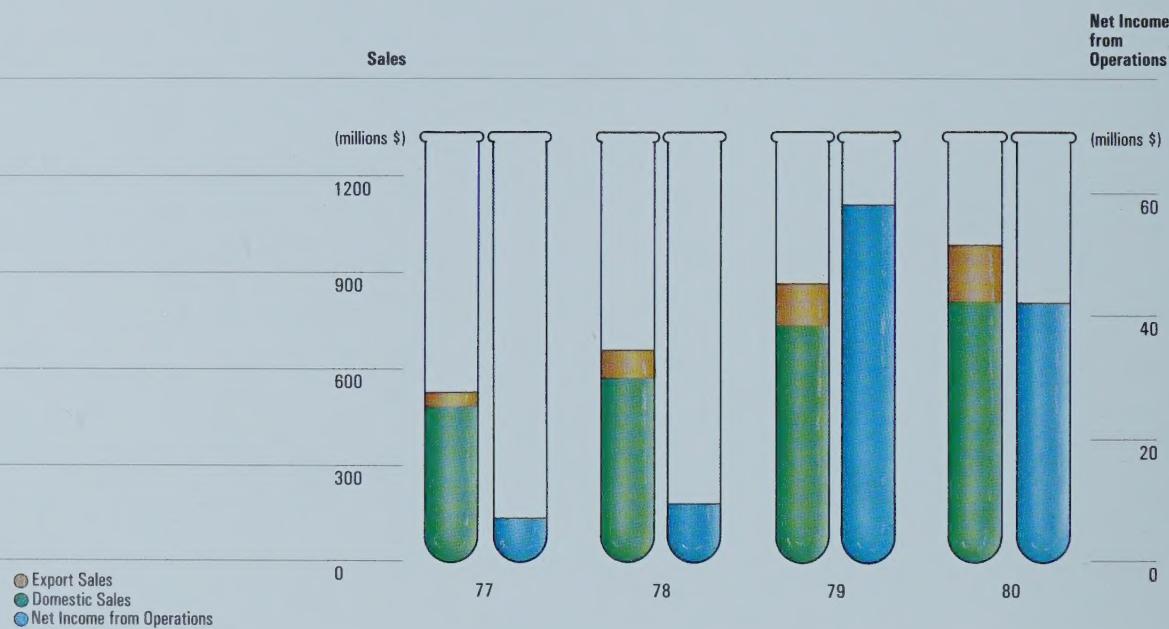
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Our cover symbolizes an important aspect of Du Pont Canada's operations — manufacturing industrial products from a variety of petrochemical raw materials.

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Nous serons heureux de vous envoyer, sur demande, l'édition française de ce rapport.



Du Pont Canada supplies "SCLAIR" polyethylene resins to plastics processors in Canada and some 70 other countries. Laboratory technician Jim Whitmore works at the Customer Technical Centre, Kingston.

HIGHLIGHTS

(Dollars in millions)

1981

1980

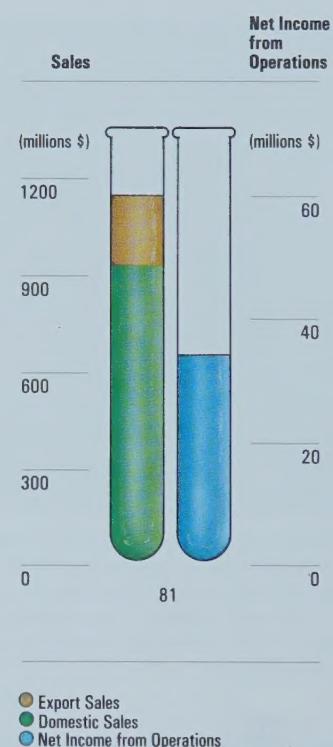
% Change

	1981	1980	% Change
Sales	\$ 1 139	\$ 995	14
Net income (loss):			
before extraordinary item	34	43	(21)
after extraordinary item	(5)	51	
Funds from operations	82	76	9
Construction expenditures	47	53	(11)
Research and development expenditures	10	7	38
Profitability:			
Net income before extraordinary item as a per cent of total revenue	2.9	4.3	(1.4)*
Per cent return on — average total investment: before extraordinary item	4.5	5.7	(1.2)*
after extraordinary item	0.7	6.6	(5.9)*
— average common shareholders' equity: before extraordinary item	11.5	16.9	(5.4)*
after extraordinary item	—	20.1	
Price indices:			
Company selling price index of manufactured products	258	226	14
Company raw material and energy price index	471	389	21
Results per common share:			
Funds from operations	\$ 10.37	\$ 9.55	9
Earnings (loss)			
— from operations by quarter first	\$ 1.86	\$ 1.60	
second	1.74	1.72	
third	0.90	0.89	
fourth	(0.27)	1.17	
	4.23	5.38	(21)
— from extraordinary item	(4.85)	1.01	
— total for the year	\$ (0.62)	\$ 6.39	
Dividends declared	\$ 1.00	\$ 0.85	18
Shareholders' equity	\$ 32.85	\$ 34.48	(5)

*Change in percentage points

NOTICE OF MEETING

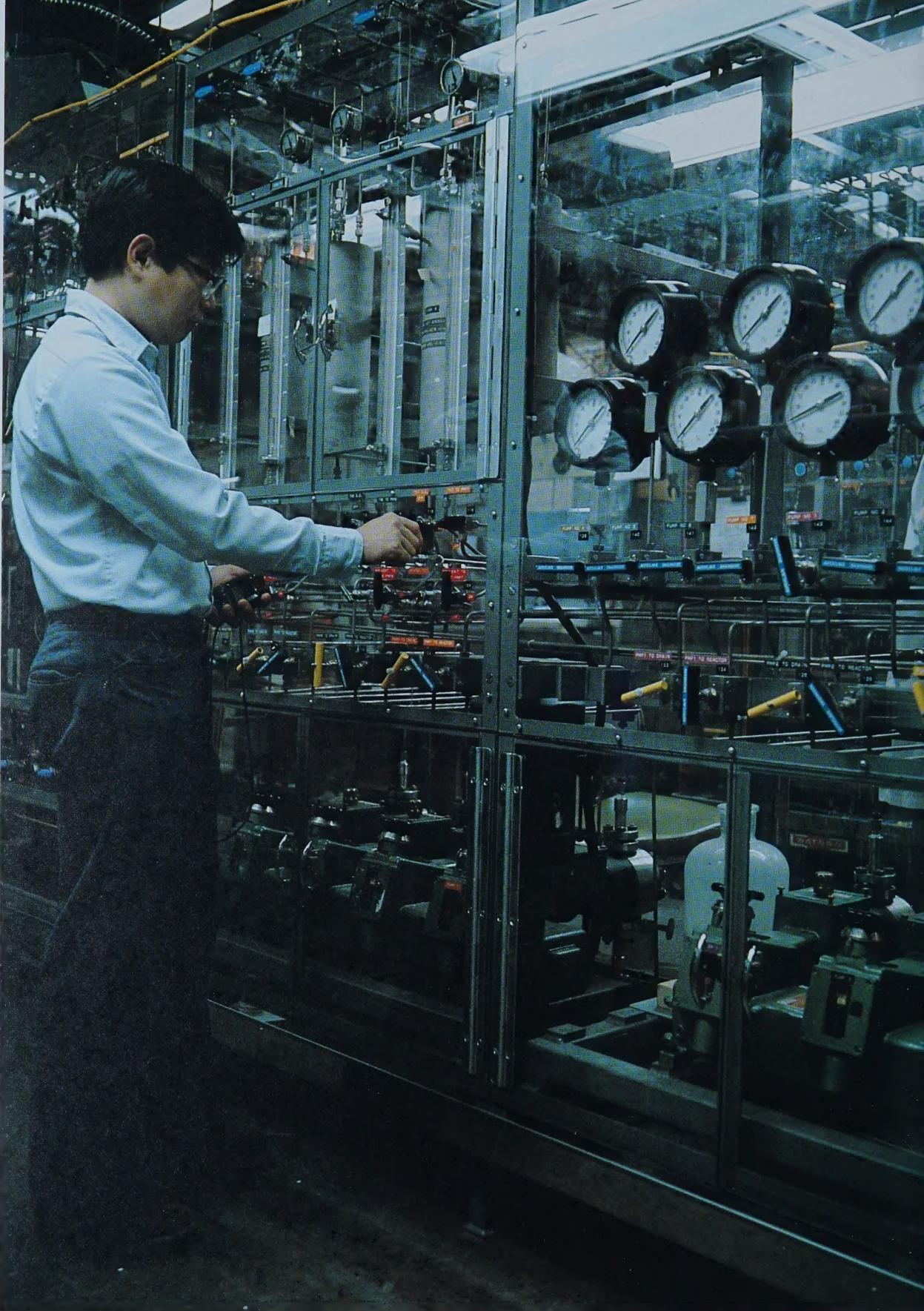
The 71st Annual Meeting of Shareholders will be held at the Meadowvale Inn, 6750 Mississauga Road, Mississauga, Ontario, on Friday, 1982 May 07 at 12:00 noon.





Jack Coates, left, St. Clair River Works manager, and (center) familiarization visit for representatives of ICI Australia, Dr. Derek Griffiths and Dr. Alan Howie. ICI Australia has been licensed to use Du Pont technology in manufacturing low density polyethylene resins.

Low density resin manufacturing technology developed at the Research Centre, Kingston, is internationally recognized. Two major chemical companies — Asahi Chemical Industry Company Limited, Tokyo, and ICI Australia Limited — signed licensing agreements in 1981. At right research chemist Chun Sing Wong operates the pilot plant at the Research Centre. The pilot plant is used to develop new technology in support of the polyethylene manufacturing process.



TO THE SHAREHOLDERS

1981 was a year of accomplishment and of disappointment for your Company. In the first six months a new earnings record was achieved exceeding the best previous first half established in 1979. In the last six months, however, demand for many products fell more rapidly than in any previous period in the Company's modern history. Operating rates of major manufacturing facilities were reduced to low levels and in the fourth quarter a loss was incurred. In November, we decided to absorb a \$70 million charge reflecting our judgment that the manufacture of polyester textile filament yarn was no longer viable. Subsequently, it was announced that production at the Coteau-du-Lac facility would end early in 1982 February. This extraordinary charge exceeded earnings from operations of \$4.23 per share resulting in a loss of \$0.62 per share for the year as a whole. Prior to the extraordinary charge, earnings were third best in the Company's history.

Total sales which just passed the \$100 million mark in 1981 were \$1.139 billion this year, exceeding the \$1 billion mark for

the first time. Exports of manufactured products were increased 24 per cent and accounted for 22 per cent of manufactured sales, despite the higher dollar and the weak economies in most of our export markets. A second accomplishment in the international field was the decision by two major international chemical companies to purchase our linear low density polyethylene resin technology in preference to all competing processes. These decisions represent a tribute to our Canadian research and development effort and a new source of future earnings for the Company. Expenditures on research and development were up sharply from 1980.

Capital expenditures in 1981 were \$47 million compared with \$53 million in 1980. The largest new commitment was a \$16 million expansion of our bulked continuous filament nylon yarn facilities to serve the carpet industry. The new facilities will be in production by late 1983. Over the last decade, your Company has committed over \$100 million of new capital to nylon products for the carpet industry and we now supply 70 per cent of this market. The Baker Mine and Mill began operation during 1981. New capacity was brought on stream smoothly during the year in the "Lycra" spandex yarn, "Sclairpipe" polyethylene pipe, "Sclair" polyethylene resin, "Fabrene" woven polyolefin material, and "Sclairfilm" polyolefin film businesses.

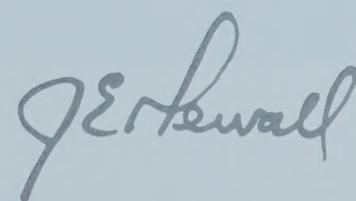
Improved productivity and reduced costs continue to contribute to results and require significant amounts of new capital. For example, our program to conserve energy has

reduced energy consumption per unit of production by 29 per cent compared with the base year of 1972. To reduce distribution costs, a new Distribution Centre in Scarborough began operation late in the year and major expansions to the Ajax finishes and Markham photo products distribution facilities also were completed.

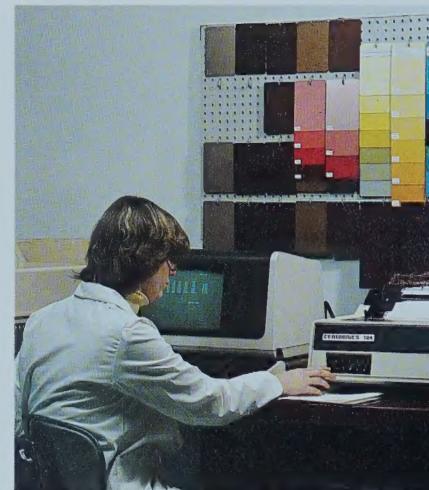
As we cope with today's difficult business conditions, the directors are especially mindful of the commitment and contribution of our employees. Their safety performance once again ranked among the very best in Canada. Their creativity in improving productivity and reducing costs and in developing new products and markets will continue to be the key factor in our performance.

The long-term outlook for the Company is promising. However, at year-end, the economy was deep in recession and our major customer industries were experiencing very weak demand for their products. Extremely competitive conditions also prevail in key export markets. 1982 will be a difficult and challenging year.

On behalf of the Directors,



Chairman, President and
Chief Executive Officer
1982 February 25



Advanced color-matching technology, employing computers, is an important factor in the Company's finishes businesses. Val Yamada is a color formulator at Ajax Works.



The many types of nylon produced at Kingston Works are employed in a multitude of textile, industrial and home furnishings products.



Du Pont Canada produces more than 30 specialty resins for the injection moulding industry. Bill Russell, laboratory technician, performs resin test at Kingston.

Woven polyolefin fabrics manufactured at North Bay, are shipped throughout Canada and to many export markets. John Peters is a service operator at Nipissing Works.



Du Pont Canada fulfills many roles in the life of Canada. It is an industrial pioneer, tracing its Canadian origins to the mid-1800's. The Corporation has borne the Du Pont name since 1954.

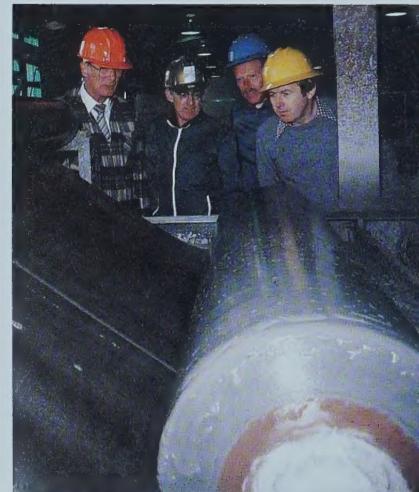
With some 6 000 employees, we are one of Canada's leading chemical producers. Total investment in Canada exceeds \$1.0 billion. Total Company sales in 1981 exceeded \$1.1 billion. Export sales were more than \$200 million.

Generally we purchase basic chemicals from other producers and with highly skilled employees and modern high technology plants, we upgrade those chemicals into products required by our customers for the production of consumer goods. The Company is also the sales agent in Canada for the products produced by the Du Pont Company elsewhere in the world. Our more than 5 000 customers include plastics processors, carpet, rubber, automotive, tire and textile manufacturers, the mining and construction industries, food processors and the packaging sector. They are located in Canada and in more than 70 foreign countries.

The Company develops and uses advanced technology throughout its operations and supports its customers in the use and further processing of its high technology products. Our Research Centre at Kingston has 151 employees and in total more than 350 employees are engaged

in research, process and product development activities at the Research Centre, the Customer Technical Centre, in the plants, and elsewhere in the Company. Expenditures on research and development exceeded \$10 million in 1981. In addition, by contractual arrangement, we have access to the extensive research findings of our parent, E.I. du Pont de Nemours & Company. Some of the Company's fastest-growing businesses had their beginnings in our Canadian laboratories.

A wholly-owned subsidiary, Du Pont of Canada Exploration Limited, carries out mineral exploration. It also operates Baker Mine and Mill, a small gold and silver producer, in Central British Columbia.



Inspecting the mill at Baker Mine, B.C. are J. O. Torrens, president, Du Pont of Canada Exploration Limited; D. A. Barr, vice-president; G. R. Wittman and F. G. Fox, directors.



Working on a 572-page edition of a handbook for users of commercial explosives are Flore Pélard, translation supervisor, Montréal and Serge Étienne, marketing services supervisor. Sales manager Réjean Dupré and technical services specialist Doug Tansey, both Explosives LDDQ, Montréal, served as technical consultants.

The persistence of high inflation and slow growth in the world's developed economies requires that improving productivity receive even higher priority than in past years.

For example, without the energy conservation accomplishments referred to earlier our energy costs in 1981 would have been \$15 million higher. The new Scarborough Distribution Centre is another stage in a long range program which has provided major reductions in our product distribution costs. In addition, expertise developed by our Distribution Section in customs and tariff matters has had a significant impact on our import and export businesses.

As noted earlier expenditures at the Research Centre were increased significantly. Much of this effort was aimed at improving efficiency and productivity. As one example, notable gains were made in improving capital productivity by devising lower investment routes to new capacity in key businesses.

Also important is the increasing use of computers in process control. In the operations at our Maitland, Ontario, chemical complex, for example, computers control key process conditions much more precisely than was previously possible. Benefits in terms of lower consumption of energy or higher product yields, or both, already are in the million-dollar-a-year range, and further applications are planned.

Improving the yield of first quality product from increasingly expensive raw materials is a key

objective. Another is the upgrading of unavoidable waste products.

For example, a by-product produced during one process formerly was used as a plant fuel. Now, rising raw material costs have made it economic to recover this material for sale to other manufacturers. Similarly, excellent progress has been made in upgrading off-standard and waste fibre and developing new markets for these products to realize a significant return from material that formerly was discarded.

In the area of administration, it is often more difficult to measure the impact of specific changes. However, in 1981, one example of where analysis and innovation clearly proved worthwhile was in the Financial Services Division. With the high interest rates and volatile currency exchange movements experienced during the year, increased emphasis was placed on cash management, debt administration and foreign exchange exposure which achieved very positive results. Attention is now being focused on improving internal systems with more efficient programs planned for accounts payable, accounts receivable, and corporate cash management.

Statistics also point to overall improvement. Selling, administrative and advertising costs represented 10.1 per cent of total sales in 1976. They had been reduced to 8.3 per cent in 1981. The sales per Company employee which was about \$80 000 in 1976, has been increased to \$185 000 in 1981; the physical volume of product sold per employee has been increased by over 35 per cent in the last five years.

Our safety performance, although improved over the unsatisfactory results of 1980,

and among the very best in Canada, did not achieve the levels of some former years. We had five on-the-job injuries involving loss of one or more days' work. This represents 0.085 lost-work accidents per 200 000 hours, compared with 0.122 in 1980. We are committed to improving upon this performance in 1982.

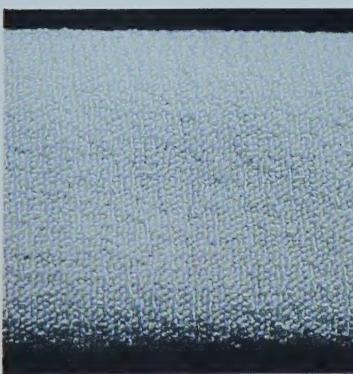
Improvements were made to several employee benefit plans during 1981. Vacations were increased by one week to six weeks for employees with 30 to 34 years of service and to three weeks for those with three or four years. Major changes were made to the Service Recognition Plan to provide more meaningful awards to recognize various periods of service.

Over nine hundred people were receiving Company pensions at year-end. Effective 1981 November 01, pensions were increased by 16 per cent for those who had retired 1977 November or earlier. Those who had retired since 1977 November received proportionately smaller adjustments. This was the seventh increase in thirteen years. An independent trustee held \$229 470 000 in an





Since it began producing woven polyolefin fabrics in 1969, Du Pont Canada has developed many new uses for the material in industrial packaging. Another major use is in carpet-backing. Ellwood Caldwell is an operator at the North Bay plant.



In the instrument development laboratory at the Research Centre, Kingston, research scientist Bruce Robinson and Wendy Lee Fischer, production control clerk, Whitby, check equipment designed at the laboratory for use at Whitby Works.

irrevocable trust at year-end to pay present and future pensions under the Company-financed plan. This amount exceeded the value of pensions earned to that date, as determined by an independent actuary.

We regret to report the death in 1981 of David S. Holbrook who had served the Board of Directors and the Company with distinction for 15 years. Robert J. Richardson, a former Du Pont Canada Chairman and President, and a Board member since 1971, resigned from the Board in June. Two new Board members were appointed in 1981 June: David K. Barnes, an Executive Vice-President and Director of E.I. du Pont de Nemours & Company, and Pierre A. Nadeau, a Montrealer with broad experience in commerce and industry.

There were three changes among Company officers. F. Gerald Fox, formerly Secretary and General Counsel was appointed Vice-President, Secretary and General Counsel. Peter Pick, formerly Treasurer, became Vice-President and Treasurer. Ralph E. Delong, formerly European Financial Director, Du Pont de Nemours International S.A., Geneva, was appointed Vice-President and Comptroller.

NYLON

For nylon products the year began with strong demand. New records were established in several areas. By late summer, however, the business weakened very rapidly with the onset of the recession and the decline was accentuated by our customers'



At the Customer Technical Centre, product analysis Shirley McAlonan and technical service representative Bill Coppens test a heavy-duty nylon carpet fibre (ANTRON XL).

need to reduce inventories in the face of high interest rates. Because of the widespread market weakness, we were forced to operate the Kingston nylon plant at very low levels in the fourth quarter, and to lay off more than 200 employees there.

The drop in demand was more abrupt in carpet and textile products than in tire and industrial yarns. The fall-off in house con-

struction and the sharp decline in consumer confidence led to much reduced purchases of carpets. The stronger dollar also led to reduced exports of carpets.

Depressed conditions interrupted two years of steady growth in sales of our stretch nylon for hosiery. Nevertheless, this remains an attractive sector for us because of the strong market position of Canadian hosiery manufacturers combined with the advanced yarn technology developed at Kingston Works.

In September the Company announced that capacity for the production of bulked continuous filament nylon carpet yarn would be increased by 20 per cent on completion of a \$16 million project late in 1983. This sixth major expansion of carpet fibre capacity in ten years will further reinforce our strong competitive position. Nylon now accounts for approximately 75 per cent of all carpet face fibres, due in part to the range of new nylon products we have introduced to the market in recent years. As part of this program in 1981 we introduced a new nylon carpet fibre, known as "Antron Plus". It has much improved ability to repel stains. When a liquid is spilled on the carpet, the full length of the fibre repels the substance and forms it into beads, or droplets. This gives sufficient time to soak up the liquid completely and reduces the possibility of staining.

Over the full scope of our nylon business, long-term prospects remain favourable. Despite the current downturn, we believe our leading position will result in above average returns over the next decade.

ACRYLIC FIBRE

Production of "Orlon" acrylic fibre at Maitland Works ended in 1981 March. We decided to dis-

continue production following several years of losses which resulted from worldwide overcapacity and pre-emption of the Canadian market by imports of yarn and garments from low-wage countries.

SPANDEX FIBRE

Demand for "Lycra" spandex fibre continued to grow in both established and new applications as consumers increasingly prefer the comfort of garments made with stretch fabrics. One of the most recent examples is stretch jeans, made possible by incorporating "Lycra" into denim fabric.

Export sales to Australia and New Zealand showed good gains.

The advanced technology of "Lycra" and its consumer benefits in style, fit and comfort have won a strong leadership position for this product. These attributes together with our competitive costs make it an attractive business venture.

The expansion begun at Maitland Works in 1980 was completed and the new capacity brought into operation by year-end.

POLYESTER

After suffering heavy losses during 1980 and 1981 in our polyester filament yarn business and with no near-term prospects for improvement, we decided to mothball our plant at Coteau-du-Lac, Québec.

On 1981 November 25, we announced we would absorb an extraordinary charge against earnings of \$70 million during the fourth quarter to reflect the fact that the business was not viable. The \$70 million charge, equivalent after taxes to \$4.85 a common share, fully covered the original cost of the plant and other polyester business assets.

The decision was made following an extensive study of all

aspects of the business. This study showed that poor worldwide conditions — overcapacity, depressed prices, slow growth and rising raw material costs — would continue for an indeterminate period.

On 1982 January 12 we announced that polyester production would end 1982 February 05.

We were able to offer alternative Company employment to 75 of the 325 employees at Coteau-du-Lac. The others were assured continued employment with full pay and benefits until 1982 May 01. Ninety per cent of those leaving the Company qualified for severance pay.

Since mid-January a team of Company specialists, in cooperation with federal and provincial agencies, has been working full time to help employees find other jobs.

The decision to build the plant at Coteau-du-Lac was taken in the early 1970's when demand for polyester filament yarn was rising rapidly throughout the world. Construction began in 1973 with completion scheduled for 1976. During that period, however, several factors — including drastic increases in oil prices and changes in fashion — severely reduced market growth. Opening of the plant was delayed until 1980 June when growth in international markets appeared to have resumed. Unfortunately, conditions again deteriorated in 1981 and losses increased. During the past several years poor world markets for polyester filament yarn have resulted in the closing of polyester plants in many countries.



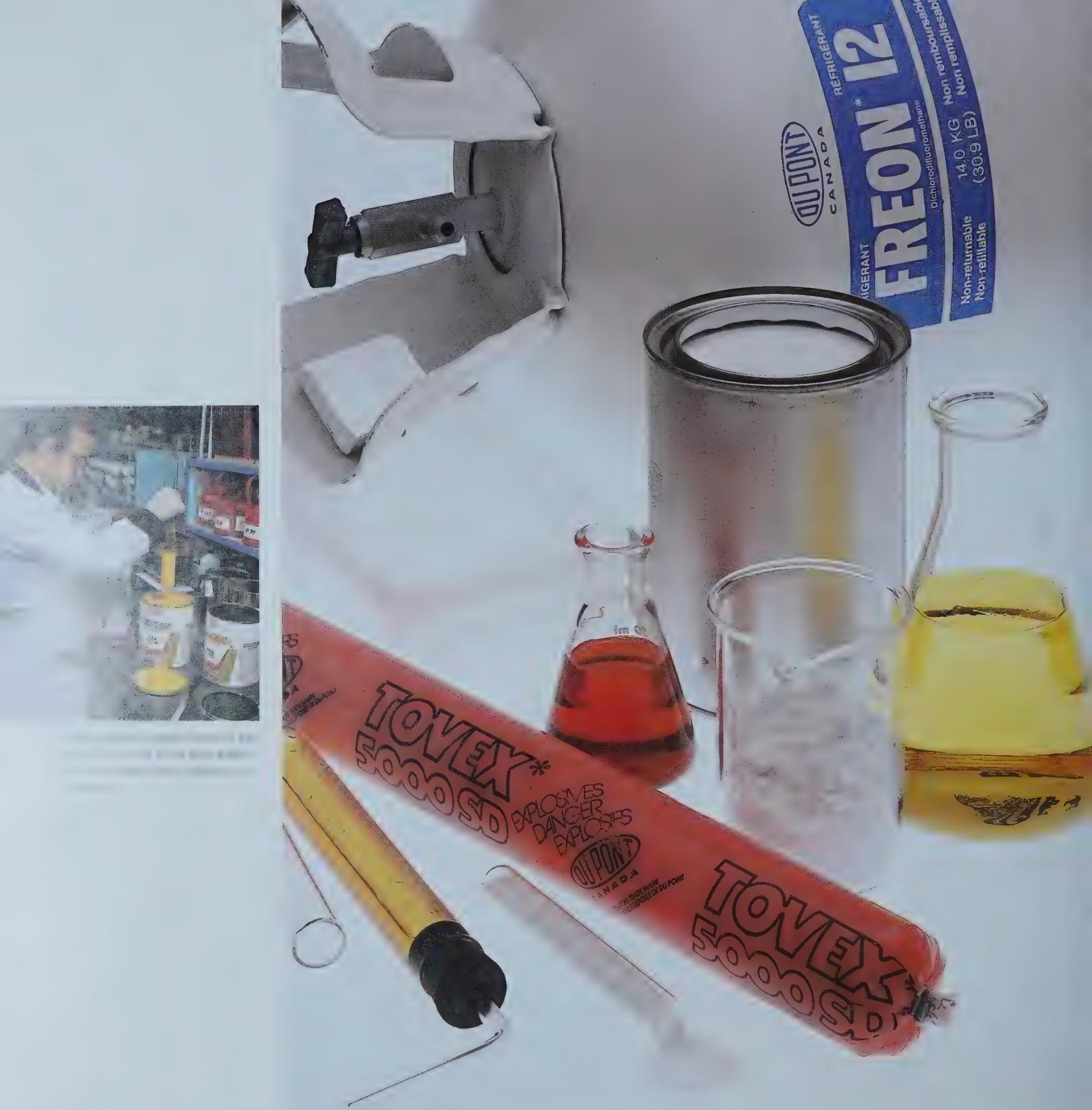
LONG-TERM DEVELOPMENTS

Two important measures will promote stability in the textile and clothing industries.

At mid-year the federal government announced its intention to renegotiate bilateral agreements with low-cost producers that were to expire on 1981 December 31. Under terms of the new restraint agreements, which remain in effect for up to five years, low-cost countries will limit their shipments of certain clothing and textile items to this country. This should encourage additional investment in industries that directly employ more than 185 thousand Canadians.

Creation of the Canadian Industrial Renewal Board was another development. This body is to administer government grants applicable to these industries for the next five years. Funds will be made available to assist modernization or expansion projects in textile and clothing fields; and to provide assistance for workers displaced by rationalization within these sectors.

The setting up of the Renewal Board does not involve any additional grants for producers. The advantage for industry is that all government programs affecting producers are now administered by the Board. Formerly these programs were scattered among numerous government departments and agencies.



Extensive field development work is being carried out in Western Canada on a safe, highly efficient weed control chemical, "GLEAN". Left to right sales representative Nevin DuPlessis, Curt Jorsvick and his father, Ken, on their Olds, Alberta farm.

EXPLOSIVES

A key factor in this business like most others is the severe cost-price squeeze. Raw materials and other costs are escalating rapidly and cannot always be quickly reflected in selling prices. During the year this effect was only partially offset by innovative cost saving measures in manufacturing.

Demand was down in several mining sectors, including nickel, iron ore and asbestos. Demand was also weaker in the construction industry, largely because the James Bay hydro project had moved beyond the heavy construction stage.

Sales to coal mines were higher. This segment represents an increasingly important market for explosives as the first of several large new coal fields in Western Canada is scheduled to go into production late in 1982.

A significant advance in customer service was the introduction of computer designed shot patterns to help customers achieve the most cost effective use of explosives.

FINISHES

Sales to automotive manufacturers were off reflecting the lower production of new automobiles in North America. Shipments to the refinish trade were higher due to increased market penetration and market growth.

Du Pont Canada's finishes business marked its 25th anniversary in 1982.

sary in 1981. A major achievement has been excellent growth in the refinish business and today the Company is an acknowledged leader in this highly competitive field.

A new warehouse for the refinish business was completed near the Ajax, Ontario plant. Consolidation of storage space in this one building means more efficient product handling and better customer service.

Industrial products did well, especially "SilverStone" and "Teflon" non-stick finishes for cookware.

FLUOROCARBONS

Generally unfavourable economic conditions and the continuing ozone depletion controversy held sales volume close to 1980 levels.

Lower construction activity, both of homes and commercial buildings, limited sales of fluorocarbon refrigerants and blowing agents, especially for the appliance, air conditioning and insulation markets.

The long-standing issue related to theoretical depletion of the ozone layer by fluorocarbons remains unresolved, despite continuing studies by industry and government scientists in various countries. Until a definitive answer is obtained, this issue will limit growth of the fluorocarbon market.

PETROLEUM CHEMICALS

Business results were satisfactory despite continuing decline in leaded gasoline sales in Canada.

Unleaded gasolines continue to take an increasing share of the total motor gasoline market. They consume increasing volumes of high octane hydrocarbons leaving less available for use in the leaded grade. The resulting shortfall in

octane quality is made up by using more lead additive per litre of leaded gasoline produced.

The long-term prospects for this business depend on future Canadian government decisions on permissible levels of lead in gasoline. Use of leaded gasoline is a significant means of conserving crude oil.

RESALE PRODUCTS

The Company markets in Canada products produced by Du Pont elsewhere in the world. They include a broad range of health care, electronic, printing, general and agricultural chemical products, and specialty fibres and plastics products.

The overall sales increase in these products was comparable to that achieved in manufactured products. Above average increases were achieved in elastomers, electronics, and agricultural chemicals.

Extensive testing of a highly promising new herbicide with the trade mark "Glean" was carried out on the prairies during the summer. Tests in Canada and elsewhere have proven "Glean" to be very effective. It is easy and safe for the farmers to use. Although applied at very low dosages, it gives unprecedented results in controlling broadleaf and perennial weeds in cereal crops. The product is currently in the registration process with the federal government.

MINERALS

About 45 employees of Du Pont of Canada Exploration Limited, a wholly-owned subsidiary, are operating Baker Mine and Mill in Central British Columbia. When mining began in early

1981 there was enough proven gold and silver ore for three years of small-scale operation. Exploration activity in the area is continuing in an effort to find additional ore.

At the Pine Point lead-zinc property in the Northwest Territories further diamond drilling and feasibility studies will be



Two men in a laboratory examining a sample. The sample is a large, round, metallic or ceramic object, possibly a piece of equipment or a sample of material being tested.

done in 1982 with the continuing objective of developing sufficient ore to support a mining operation.

Other exploration programs are in their early stages.



PLASTICS

After an exceptionally strong year in 1980, the polyethylene resin markets weakened steadily throughout 1981. Substantial excess capacity developed in the United States and Europe. Our export sales were increased but the stronger Canadian dollar hurt profit margins. Severe price erosion in the United States and Europe spilled over into Canada. As a result, we were unable to offset higher costs with price increases and profit margins fell sharply. Conditions remained very weak at year-end.

An important development during the year was the sale of our linear low density resin technology to two major overseas chemical producers. The agreements permit Asahi Chemical Industry Company Limited and ICI Australia Limited to make polyethylene resins using Du Pont technology.

The early work leading to this technology was done by scientists in E.I. du Pont. The more recent work was done by Du Pont Canada research teams at Kingston and St. Clair River Works, and the marketing of the technology is the responsibility of Du Pont Canada.

A program to expand annual capacity of our plant at Corunna, Ontario to 235 million kilograms was completed early in the year. About the same time, a unit to produce comonomer raw material came into production. This has allowed us to reduce significantly the cost of manufacturing a large part of the polyethylene product line. We have also joined with

Alberta Energy Company Ltd. in a study of a 225 million kilogram plant near Edmonton. The Alberta Energy Resources Conservation Board has approved the project. At year-end project feasibility studies were continuing as were efforts to obtain long-term supplies of ethylene.

During the year we introduced a number of polyethylene resins with modified properties tailored to meet the design needs of Canadian plastics processors. One group of resins developed for injection moulders of thin walled containers is known as extra high flow resins. These enabled our customers to manufacture lighter weight containers for ice cream and other products while still maintaining the performance properties of the package.

Our "Zytel ST" nylon is now being used in products requiring high impact resistance. One example is the holder that attaches a skate blade to the boot. The skate holder must be able to withstand hard "shots" from a fast moving frozen puck. Manufacturers in recent months have greatly increased their purchases of our product and "Zytel ST" resin now accounts for 75 per cent of such blade holders.

Our research and development effort in support of the polyethylene business was increased substantially over previous years. A new family of resins is under development and excellent progress is being made on significant process improvements. Our objective is to maintain our position of world leadership in this business.

POLYETHYLENE PIPE

Demand for this product held up well. Marketing initiatives developed new business in the United States and South America.

For the first time, large diameter pipe was produced in Western Canada primarily for use in mining operations in Western Canada, the Western United States and South America. Production facilities were added to the former Beta Plastics plant in Edmonton now being operated by Wiik and Hoeglund (Canada) Ltd. The product is marketed exclusively by Du Pont Canada. Pipe with diameters up to 63 inches, the largest polyethylene pipe on the market, is now being produced at Huntsville, Ontario. Previously, the largest diameter pipe produced was 48 inches.

Sales of "Sclaircor" insulated piping systems were about the same as in the previous year. A second generation insulating system was introduced to meet increasingly competitive conditions. New markets were developed in Alaska both for "Sclaircor" and other piping systems.

WOVEN POLYOLEFINS

Sales were lower because of depressed conditions in all major market segments — construction, lumber, asbestos and, most recently, carpets.

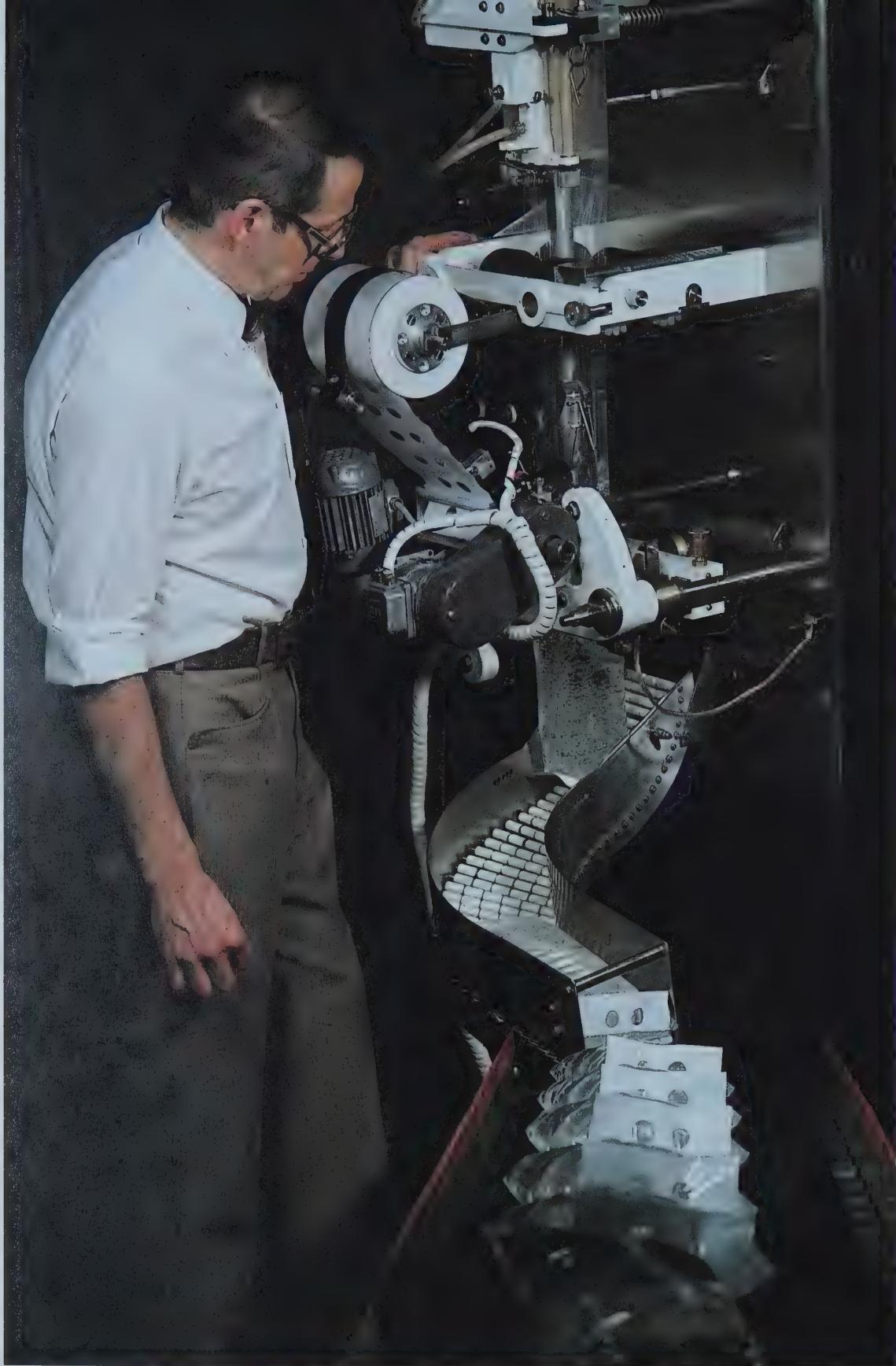
Longer term market prospects remain excellent for these lightweight but strong fabrics. Many new applications are being devel-



Specialized hygiene technology gives the firm Canada's best in-line supplier of controls for the hygienic cutting of thin-walled food products.

oped. For example, one new product now being market tested is an innovative heat-sealable bag fabric with a special coating that allows the contents to "breathe". It is designed for an advanced bag-making technique, which incorporates Du Pont Canada technology. The new fabric would permit more efficient production of bags for such products as seeds and animal feeds. Another fabric being developed is highly resistant to the damaging effects of sunlight. Uses include solar blankets for swimming pools, and domes for pools, patios and other outdoor structures.

A major expansion, completed and brought on stream in 1981, will provide enough capacity to meet the substantially increased demand forecast for this product.



PACKAGING

Total sales of packaging films were down largely because of a significant drop in shipments of "Cellophane" cellulose film.

Demand for cellulose film is declining throughout the world as newer materials such as polyethylene and polypropylene films capture markets from "Cellophane". In recent years, plants in many countries — our Shawinigan, Québec operation included — have been forced to reduce production. In Canada the decline in consumption has been accelerated by the start up of three new polypropylene film plants.

Sales of "Sclairfilm" polyolefin film improved. New marketing programs were developed to capture increased business in the United States markets and they met with good success particularly in laminated structures. In these applications "Sclairfilm" is combined with other films with complementary properties and the resulting product has characteristics that cannot be provided by any single packaging material. Our specialty linear low density films allow the use of lighter gauges in these applications. A major expansion of capacity was

completed late in the year to support this marketing effort.

A significant proportion of our nylon film production is marketed in Europe and the sharp change in currency reduced profit margins sharply. In addition, increased competition in Canada and the United States and a reduction in demand in the important bacon wrap market hurt this business. The business substantially increased its research and product development efforts and made good progress with new products during the year.

EXPORT

The substantial growth in export sales reported over the past few years was maintained in 1981 with manufactured products reaching a level of \$182 million, a gain of 24 per cent. Over the past five years exports have increased fivefold, and we are now marketing our products in 70 countries.

While the growth in sales is a major achievement, it is only part of the export success story. The internal improvements in productivity have been equally impressive. One example is the automated export order process-

sing system which was installed early in 1981. This project reduced order processing costs by approximately 35 per cent. It was carried out under the terms of a field trial agreement with COSTPRO (Canadian Organization for the Simplification of Trade Procedures) under which prototype machines were made available to us on a loan basis. Export Division employees have supported vigorously the federal government's initiatives to simplify trade procedures.

Another measure of the productivity increase in Export Division, is seen in the sales per employee which has been increased from \$0.8 million in 1975 to \$6.8 million in 1981.

Export markets became increasingly competitive during 1981. This was partly due to the economic slowdown. It was also caused by the increased value of the dollar which helped our European competitors not only in Europe but in many other export markets.



The Food Division has invested heavily in automation, including the above vacuum packaging machine. This is just one of many examples of the latest technology in food processing.



The Food Division has invested heavily in automation, including the above vacuum packaging machine. This is just one of many examples of the latest technology in food processing.

SALES AND EARNINGS

Business activity was strong in the early part of 1981, weakened in mid-summer, and was relatively slow by year-end. Nevertheless, annual sales exceeded the one billion dollar mark and were more than double what they were only four years ago. Total sales, up 14 per cent from 1980, amounted to \$1.139 billion, including \$218 million to foreign customers.

Earnings from operations were \$33.5 million, compared with \$42.6 million in 1980.

An extraordinary charge of \$38.2 million, after tax, was absorbed late in 1981 when depreciation reserves for our polyester business assets were increased to cover fully their original costs, and provision was made for estimated costs of withdrawal from manufacture of polyester filament. Production of polyester ended 1982 February after polyester business being no longer viable. In 1980, the extraordinary item was a gain of \$9 million from the sale of our investment in Lacana Mining Corporation.

The Company raw material and energy price index was up 21 per cent in 1981 but our selling price index was limited to a rise of only 10 per cent due to strong competition. Normal depreciation charges were up 10 per cent as a result of additional capital expenditures. Profit margins narrowed and operating profit as a per cent of sales decreased from 9.2 per cent in 1980 to 6.6 per cent in 1981.

Fibres Group product sales volume was up sharply and the operating loss of 1980 was turned

around in 1981 to an operating profit, due mainly to the carpet fibres business.

Chemicals Group product sales rose substantially as shipments of E.I. du Pont de Nemours & Company products we handle on a resale basis made good gains. Operating profit for the Group was relatively unchanged from 1980.

Plastics and Films Group product sales volume was up moderately as a result of higher shipments of polyethylene resins and film. However, severe competitive pressure prevented higher raw material costs from being fully recovered by higher selling prices, resulting in a sharp reduction in operating profit.

Interest expense was up \$5.1 million to \$21.3 million as both the average borrowing rate, 13.2 per cent on an annual basis (10.9 per cent in 1980), and the average debt outstanding during the year were higher than in 1980.

After the extraordinary item, a net loss of \$4.7 million, \$0.62 per common share, was incurred in 1981 compared with a net income of \$50.5 million, \$6.39 per share, in 1980.

Four quarterly dividends of \$0.25 per common share were declared during 1981, in total up \$0.15 from 1980.

FINANCING AND WORKING CAPITAL

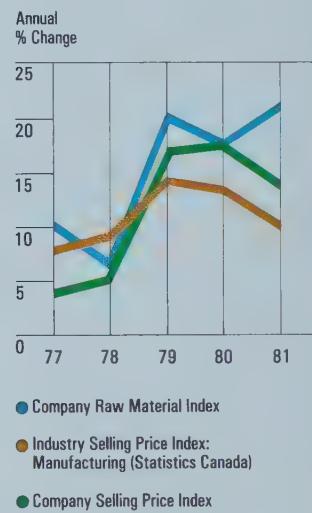
Funds generated from operations amounted to \$82 million, up six million dollars from the previous year, and were used principally for construction expenditures of \$47 million, working capital, dividends of eight million dollars and the required redemption of three million dollars of outstanding long-term debt.

Working capital increased by \$23 million to \$144 million as inventories grew in line with increased sales. The ratio of current assets to current liabilities was relatively unchanged at 1.87.

As reported last year, the Company issued U.S. \$65 million, 13-1/2 per cent, 10-year debentures, in the international market in 1981 February. The proceeds were used to retire \$50 million of maturing notes and for capital expenditures and working capital requirements. At year-end, the ratio of total debt to total capital stood at 40 per cent, compared with 34 per cent a year earlier.

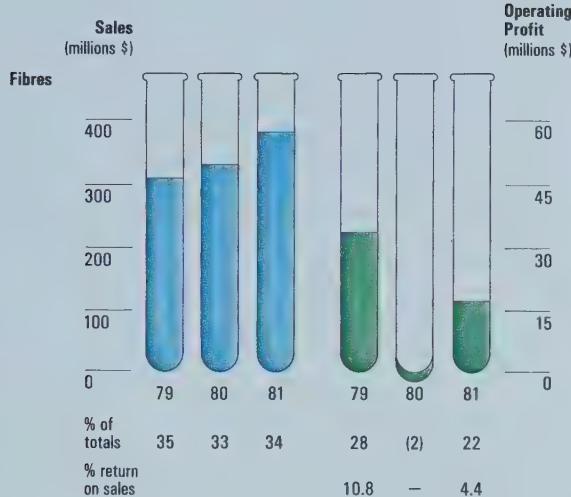
Expenditures on plants and properties of \$47 million were slightly below the 1980 level, and included completion of the Scarborough Distribution Centre, expansion of polyethylene film capacity at Whitby and "Fabrene" at North Bay, "Lycra" at Maitland, resin at Sarnia and purchases of a site in Alberta. The unexpended balance of authorized projects amounted to \$49 million at year-end.

Price Indices

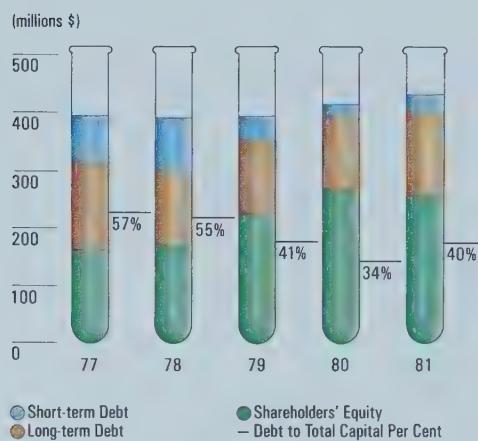


FINANCIAL REVIEW

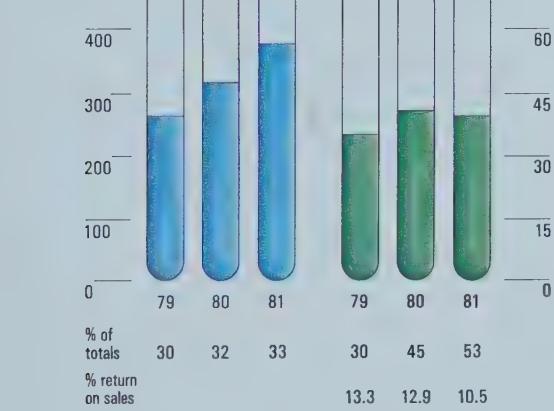
Segmented Sales and Operating Profit



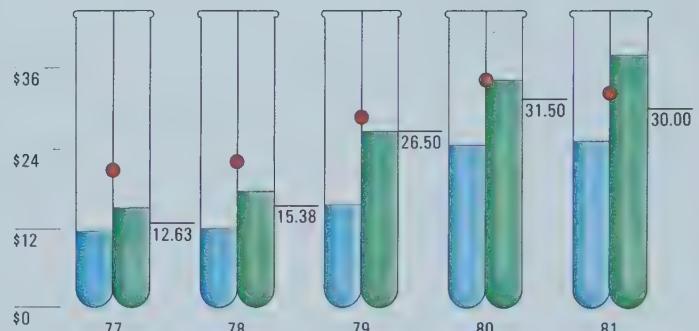
Capitalization



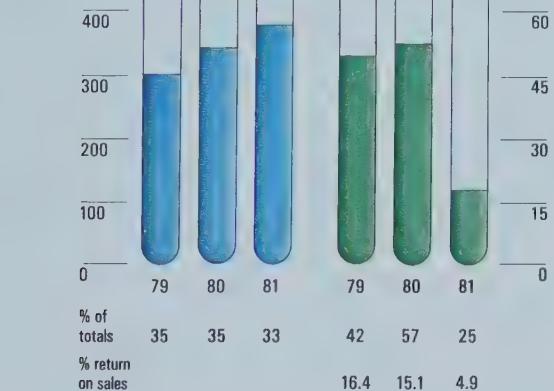
Chemicals



Common Stock Values



Plastics and Films



Toronto Stock Exchange

High	\$15.13	\$17.50	\$26.50	\$34.50	\$38.00
Low	11.75	12.00	15.50	24.50	25.00
Close	12.63	15.38	26.50	31.50	30.00

Company Books

Book Value at Year End	\$21.11	\$22.33	\$28.94	\$34.48	\$32.85
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INFLATION AND FINANCIAL RESULTS

Inflation has a major impact on the real financial position of the Company. The traditional financial statements presented elsewhere in this Report are based on historical costs — which do not take into account the escalating cost of replacing inventories and renewing or replacing the operating capacity of fixed assets. The result is that earnings — expressed in relation to historical costs — are inflated. These inflated earnings are taxed at today's corporate income tax rates of approximately 40 per cent, but the resultant tax represents a much higher proportion of the real earnings. Our estimates, made over the past four years, indicate that corporate taxes have averaged about 70 per cent of Company earnings — when those earnings are adjusted for inflation. This problem of over-taxation created by inflation must be addressed by governments, as corporations will continue to experience severe erosion of the capital which supports productive capacity.

The accompanying table has been prepared along the lines suggested by the Ontario Committee on Inflation Accounting using price indices to measure the impact of inflation. It indicates clearly that about \$30 million would have been required in 1981 to offset rising costs of inventories and fixed assets and that funds available for distribution or expansion are less than one-third of those calculated on an historical cost basis. An extension of these calculations shows that current tax expense amounted to approximately 85 per cent of inflation adjusted earnings. These data are a measure of inflation's impact on Du Pont Canada in 1981.



Du Pont Canada's safety performance has consistently ranked among the best in North America. One of the many elements in that performance is provision of various types of personal protective equipment. Gerald Baker, above, is a manufacturing operator at Ajax Works.

FINANCIAL REVIEW CONTINUED

**Impact of Inflation on
Funds Available for
Distribution or Expansion
Excluding the Extraordinary Item**

(Dollars in millions)

	1981
Funds generated from operations (see Consolidated Statement of Changes in Financial Position, page 25)	\$82
Less: Funds required to finance original cost of productive assets (historical cost depreciation)	38
Funds available for distribution or expansion based on historical cost	44
Deduct: Impact of Inflation	
Funds required to finance increased cost of maintaining operating capacity:	
Inventories*	\$12
Plant, machinery and equipment**	29
	<u>41</u>
Less: Additional funds which may be available from borrowings***	11
Impact of Inflation	30
Funds available from operations for distribution or expansion after allowing for the impact of inflation	\$14

★

The amount represents the difference
between the historical cost and the
estimated current cost of goods sold
at the date of sale.

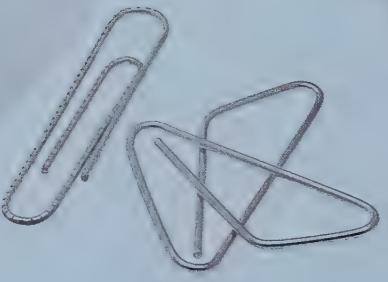
**

The amount represents the difference
between the depreciation taken in the
accounts and depreciation for the year
determined after applying indices to
arrive at current cost of the assets,
using the business investment com-
ponent of the Gross National Expen-
diture Implicit Price Index.

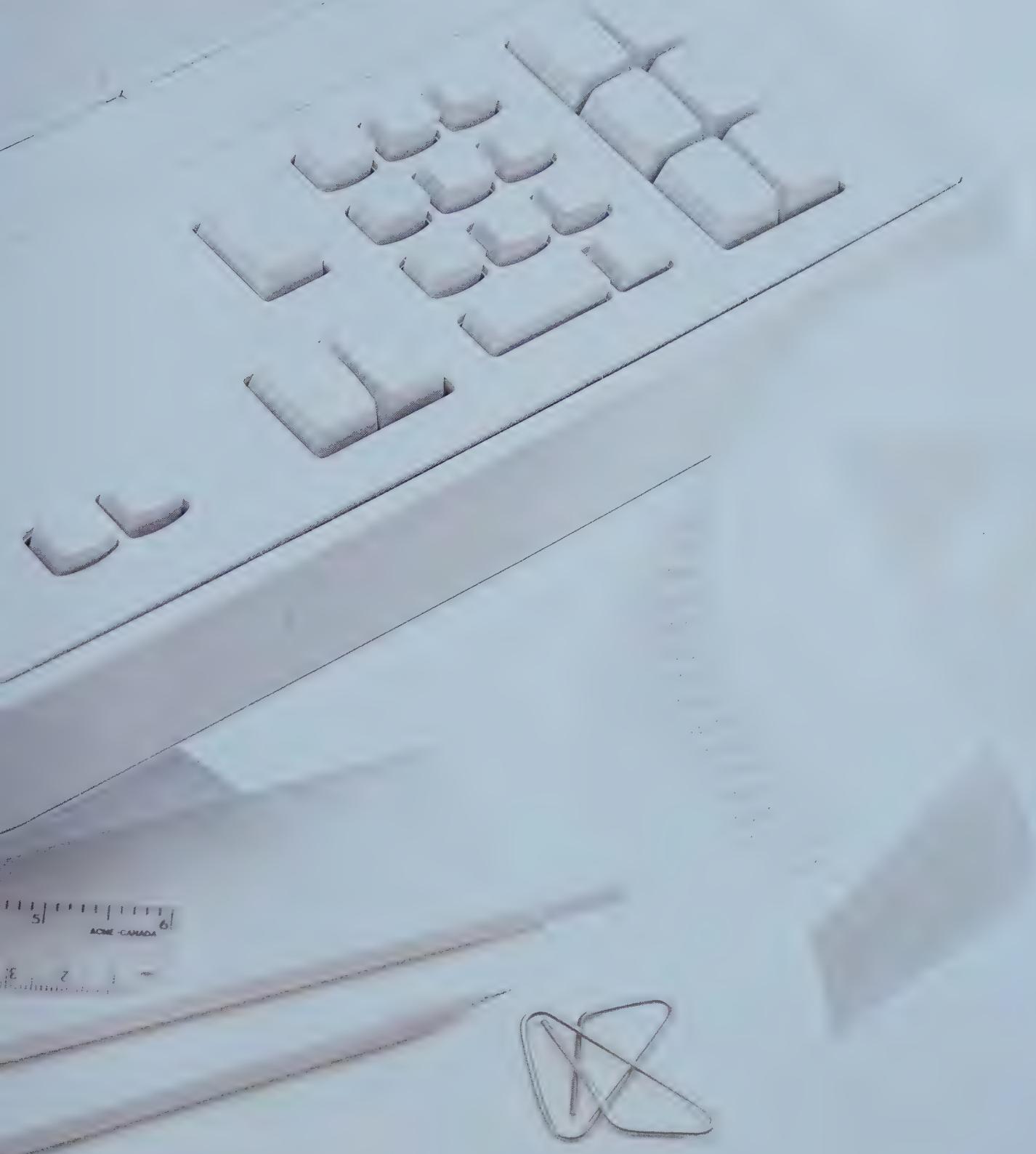
The adjustment represents the extent
to which additional funds may be
available from borrowings and is
based on the ratio of equity to non-
equity capital at the beginning of the
accounting period on the assumption
that this ratio would be maintained.



Efficiency of commercial explosives depends on precise chemical formulations. Sam Mack (left) and Herb Johnson, a chemists, work in the laboratories at Huddersfield works.



16/16/16



**Responsibility for
preparation and integrity of
Financial Statements**

The Company is responsible for the financial information contained in this Annual Report. The consolidated financial statements, including the notes thereto, (pages 24-33) have been prepared by the Company in accordance with generally accepted accounting principles and necessarily include some amounts that are based on management's best estimates and judgment. The statements are considered by management to present fairly the Company's financial position and results of operations. The financial information throughout this Report is consistent with that in the financial statements. These financial statements have been audited by Touche Ross & Co., Chartered Accountants, whose report is included below.

The reliability of the financial information in this Report is determined on a reasonable basis by the Company's accounting records and related system of internal controls. The system is based on a business ethics policy which requires employees to maintain the highest ethical standard in the conduct of Company business. The system includes formal policies and procedures to safeguard assets and provide reliable financial records; a process for careful selection and training of personnel; and an organization providing for appropriate delegation of authority and the segregation of duties. The Company has an internal audit division whose function includes the review and evaluation of the accounting records and related system of internal controls on an ongoing basis.

Financial reporting and the functioning of the accounting system and internal controls are under the general oversight of the Committee on Audit of the Board of Directors. Both the internal auditors and the independent auditors have direct access to the Committee on Audit and meet with them, with or without management being present, to discuss their findings.

The Board of Directors has reviewed and approved the consolidated financial statements contained in this Annual Report.

Auditors' Report

**The Shareholders,
Du Pont Canada Inc.**

We have examined the consolidated balance sheet of Du Pont Canada Inc. as at 1981 December 31 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at 1981 December 31 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Touche Ross & Co.

Chartered Accountants
Mississauga (Ontario)
1982 February 25

Board of Directors

David K. Barnes
Executive Vice-President
and Director
E.I. du Pont de Nemours
& Company

A. Jean de Grandpré, Q.C.
Chairman and Chief
Executive Officer
Bell Canada

D. Carlton Jones
President
Carlton Resource
Management Limited

John A. Klacsmann
Director.
Former Vice-President,
International, E.I. du Pont
de Nemours & Company

Hon. Donald S. Macdonald, P.C.
Partner,
McCarthy & McCarthy
Barristers & Solicitors

Franklin S. McCarthy
Director.
Former President and
Chief Executive Officer
Du Pont Canada Inc.

Donald S. McGiverin
President and
Chief Executive Officer
Hudson's Bay Company

Pierre A. Nadeau
Special Consultant,
Cemp Investments Ltd.

J. Edward Newall
Chairman, President and
Chief Executive Officer
Du Pont Canada Inc.

Bertalan L. Turvolgyi
Senior Vice-President
Du Pont Canada Inc.

Honorary Director

Herbert H. Lank
Former Director,
Chairman and President
Du Pont Canada Inc.

Board Committees

Committee on Audit

D. S. Macdonald, P.C. —
Chairman
D. C. Jones
J. A. Klacsmann
F. S. McCarthy

Human Resources Committee

A. J. de Grandpré, Q.C. —
Chairman
D. K. Barnes
D. S. McGiverin
P. A. Nadeau

Corporate Management

Policy Committee

J. E. Newall
Chairman
Donald A. S. Ivison
Senior Vice-President
B. L. Turvolgyi
Senior Vice-President
Gordon R. Wittman
Vice-President — Operations

Assistant Treasurers

Paul M. Costello
Thomas S. Morse

Operations Committee

G. R. Wittman
Chairman
Ralph E. Delong
Vice-President and
Comptroller
Peter R. Duffield
Vice-President —
Fibres Group
Robert C. Finlay
Vice-President —
Plastics and Films Group
F. Gerald Fox
Vice-President, Secretary
and General Counsel
Finn Hovland
Vice-President —
Manufacturing Group

Peter Pick
Vice-President and Treasurer
James M. Stewart
Vice-President —
Corporate Projects
James O. Torrens
Vice-President —
Corporate Development
Patrick A. Turner
Vice-President —
Chemicals Group
John A. Walsh
Vice-President —
Les Opérations du Québec
Colin C. Young
Vice-President —
Employee and Public
Relations



Policy Committee:

Standing is **J. E. Newall**, chairman.
Seated, left to right, **C. C. Young** (secretary),
B. L. Turvolgyi, **D. A. S. Ivison**, **G. R. Wittman**.



Operations Committee:

Seated from left: **P. R. Duffield**, **G. R. Wittman** chairman; **J. A. Walsh**, **J. M. Stewart**, **J. O. Torrens**, **R. E. Delong**, **R. C. Finlay**, **S. Morse**, **F. Hovland**, **P. Pick**, **F. G. Fox**, **P. A. Turner**, and **C. C. Young**.

Consolidated Statement of Income
Year Ended 1981 December 31

	(Dollars in thousands except per common share)		1981	1980
Net Sales			\$ 1 139 149	\$ 995 343
Other income			4 016	1 021
			1 143 165	996 364
LESS:				
Costs and expenses before the following:			920 574	784 426
Depreciation of plants and properties and amortization				
of capital leases and other assets			42 260	37 609
Selling, general and administrative expenses			94 682	77 628
Research and development expenses			10 105	7 320
Interest on debt initially incurred for terms				
in excess of one year			17 301	12 422
Interest on other indebtedness			3 970	3 732
			1 088 892	923 137
Earnings before				
Income Taxes and				
Extraordinary Item			54 273	73 227
Less: Income Taxes (Note 1)			20 773	30 612
Net Income before				
Extraordinary Item			33 500	42 615
Extraordinary Item (Note 2)			(38 242)	7 916
Net (Loss) Income			\$ (4 742)	\$ 50 531
Earnings (Loss)				
per Common Share				
Before extraordinary item			\$ 4.23	\$ 5.38
After extraordinary item			\$ (0.62)	\$ 6.39

**Consolidated Statement
of Changes in Financial Position
Year Ended 1981 December 31**

	(Dollars in thousands)	1981	1980
Source of Funds			
From operations		\$ 33 500	\$ 42 615
Net income before extraordinary item		42 260	37 609
Adjustment for items not requiring funds:		6 159	(4 724)
Depreciation and amortization		<u>81 919</u>	75 500
Deferred income taxes		—	11 507
Sale of investment in mining venture		24 822	—
Increase in long-term debt		<u>106 741</u>	87 007
Use of Funds			
Additions to plants and properties		47 175	53 189
Investments, advances, and sundry		18 448	5 700
Reduction in capital lease obligations		3 158	—
Reduction in long-term debt		—	3 000
Dividends		8 060	6 878
Extraordinary item — impact of discontinued operation		<u>7 336</u>	—
		<u>84 177</u>	68 767
Increase in Working Capital for the Year		<u>22 564</u>	18 240
Working Capital at Beginning of Year		<u>121 920</u>	103 680
Working Capital at End of Year		<u>\$144 484</u>	\$121 920

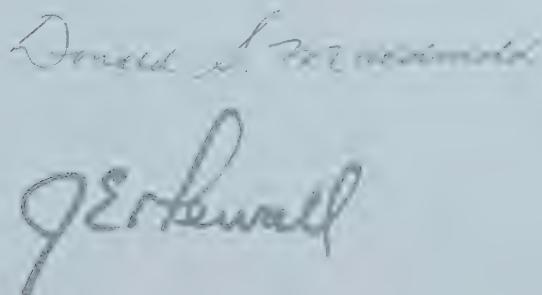
Consolidated Balance Sheet
1981 December 31

Assets	1981	1980
(Dollars in thousands)		
Current Assets		
Cash	\$ 5 504	\$ 7 957
Accounts receivable:		
Customers and others	140 600	133 470
Affiliated companies	10 487	12 098
Inventories:		
Finished goods and work in process	108 378	86 724
Raw materials and supplies	41 318	41 010
Prepaid expenses	4 121	3 739
	310 408	284 998
Plants and Properties (Note 3)		
Less: Accumulated depreciation and amortization	408 997	324 499
	228 553	278 655
Other Assets		
Petrosar Limited (Note 4)	50 510	50 510
Unamortized exploration and preproduction expenses	4 608	2 421
Goodwill, patents and processes	3 227	3 327
Unamortized portion of long-term debt expenses	3 288	785
Sundry (Note 5)	23 794	13 948
	85 427	70 991
	\$624 388	\$634 644

**Consolidated Balance Sheet
1981 December 31**

Liabilities		1981	1980
	(Dollars in thousands)		
Current Liabilities			
Bank and other short-term indebtedness		\$ 29 765	\$ 16 325
Accounts payable and accrued liabilities:			
E.I. du Pont de Nemours & Company and affiliates		37 780	36 987
Other		89 576	80 201
Taxes payable		5 817	27 549
Dividends payable		2 016	2 016
Deferred revenue		970	—
		165 924	163 078
Long-term Debt (Note 6)		143 822	119 000
Capital Lease Obligations (Note 7)		—	3 158
Deferred Income Taxes (Note 2)		53 232	75 196
Shareholders' Equity			
Stated Capital:			
Preferred — Class A Cumulative	46 500 shares	2 325	2 325
Common — Class A, Series 1	7 886 298 shares	40 031	40 031
Retained earnings		219 054	231 856
		261 410	274 212
		\$624 388	\$634 644

Signed on behalf of the Board:



Directors

Consolidated Statement
of Retained Earnings
Year Ended 1981 December 31

(Dollars in thousands)	1981	1980
Balance at Beginning of Year	\$231 856	\$188 203
Add (Deduct):		
Net (loss) Income	(4 742)	50 531
	227 114	238 734
Less:		
Dividends declared on:		
Preferred stock (\$3.75 per share)	174	174
Common stock (\$1.00 per share in 1981, \$0.85 per share in 1980)	7 886	6 704
	8 060	6 878
Balance at End of Year	\$219 054	\$231 856

Summary of Significant Accounting Policies

BASIS OF CONSOLIDATION

Du Pont Canada Inc. is incorporated under the laws of Canada and the consolidated financial statements, based on historic cost, are prepared in accordance with accounting principles generally accepted in Canada and conform in all material respects with International Accounting Standards. Subsidiary companies are all wholly owned but only Du Pont of Canada Exploration Limited is active.

TRANSLATION OF FOREIGN CURRENCIES

Net current assets in foreign currencies are translated into Canadian dollars at rates in effect at the end of each year. Other assets and liabilities and income and expense items are translated at the rates prevailing on transaction dates. Gains and losses on translation are included in income.

INVENTORIES

Inventories are valued at the lower of average cost and net realizable value.

PLANTS AND PROPERTIES AND RELATED DEPRECIATION AND AMORTIZATION

Plants and properties are carried at cost. Preproduction expenses related to manufacturing and interest on borrowed money incurred in connection with new facilities are charged to expense as incurred.

Depreciation is provided based on the average useful life of assets. For manufacturing facilities, the diminishing balance method is used and rates of 12% or 10% are applied to the net investment at each plant site, provided that amounts set aside in the accounts are not less than 5% of the original cost. Thus the provision for depreciation is higher in the early life of the assets when the risk is greater. Depreciation on mining facilities is provided on a straight line basis over the estimated life of the mine. The relatively small investments in other properties are depreciated at various rates. Generally, depreciation is not charged on new assets until they become operative. When assets are retired, sold or otherwise disposed of, the gross book value and dismantling costs are charged to accumulated depreciation; any recovery is credited to accumulated depreciation.

Amortization of assets under capital leases generally is treated in the same way as depreciation.

EXPLORATION AND PREPRODUCTION EXPENSES—MINING

Exploration costs are deferred and amortized on the diminishing balance method at 50% per year. Preproduction expenses of a new mine are deferred and amortized over the estimated life of the project.

GOODWILL, PATENTS AND PROCESSES

Goodwill was acquired prior to 1974 and is not amortized. Purchased patents and processes are amortized over their economic life.

SALE OF TECHNOLOGY

Profits on the sale of technology are recognized when payments are received; a portion of each receipt is deferred to cover the expected future costs of completing the contract.

Note 1

Income Taxes

Income tax benefits relating to the federal investment tax credit are included in income when realized. As a result, income taxes in 1981 were reduced by \$1 372 000 (1980 \$2 642 000). At 1981 December 31, Du Pont of Canada Exploration Limited had unclaimed investment tax credits with potential income tax benefits of approximately \$440 000 still not recorded in income.

Note 2

Extraordinary Item

The Company ceased production of polyester at Coteau-du-Lac, Québec 1982 February 05 and the plant is being shut down. The un depreciated costs of the facilities amounting to \$59 029 000, together with the estimated costs of shutdown of \$11 421 000, have been charged against earnings in 1981. This charge, net of income tax of \$1 208 000, is shown as an extraordinary item. Because the un capital cost allowance had been claimed for tax purposes in 1981, the extraordinary item resulted in a reduction in deferred taxes of \$28 123 000.

In 1981 the Company sold its investment in Lacana Mining for \$12 626 000 and the gain on disposal, net of income tax of \$9 000, is shown as an extraordinary item.



Note 3

Plants and Properties

(Dollars in thousands)	1981	1980
Buildings and equipment and other facilities	\$580 396	\$550 331
Construction in progress	36 877	38 143
Assets under capital leases	5 970	5 309
Land	14 307	9 371
	\$637 550	\$603 154
Accumulated Depreciation and Amortization		
(Dollars in thousands)	1981	1980
Depreciation	\$403 027	\$323 867
Amortization of assets under capital leases	5 970	632
	\$408 997	\$324 499

At 1981 December 31, \$48 500 000 remained unexpended on authorized appropriations for capital expenditures.

Note 4

Petrosar Limited

The Company has a 20% equity interest in Petrosar Limited, a world-scale petro-chemical complex near Sarnia, Ontario. The other equity shareholders are Polysar Limited, which together with the Canada Development Corporation, holds a 60% equity interest and Union Carbide Canada Limited which holds a 20% equity interest. The Company's investment in Petrosar is carried at cost.

Net income of Petrosar for the 1981 year was approximately \$38 000 000. After providing for dividends applicable to Class A preference shares which are held by a consortium of banks, the net loss attributable to the other shareholders was \$7 000 000. At 1981 December 31 total shareholders' equity, including \$350 000 000 of Class A preference shares, amounted to approximately \$550 000 000.

Customer Technical Centre, Kingston, has more than 150 employees. Technician Bob Silver performs a hydrostatic stress test.

Notes to Consolidated Financial Statements

Note 4 Continued

Petrosar Limited

Under agreements with certain shareholders of Petrosar and with its bankers, the Company has committed to provide Petrosar with funds to meet 21.6% of any deficiency for working capital or for dividends on or redemptions of the Class A redeemable preference shares. During the year the Company was not required to provide funds under this commitment.

At year-end, the Company's investment in Petrosar consisted of:

(Dollars in thousands)	1981	1980
Common shares	\$10 000	\$10 000
Class B Preference shares	10 800	10 800
Class C Preference shares	29 710	29 710
	\$50 510	\$50 510

The Company is also committed under long-term contracts to purchase ethylene and other chemical products from Petrosar or to otherwise indemnify that company.

Note 5

Sundry

As a part of its employee relocation procedure, the Company makes loans to transferred employees to assist in the acquisition of a principal residence at their new location. Such loans are secured by mortgages and are repayable over ten years, or less if the employee retires or terminates. Included in Sundry is \$13 024 000 representing the non-current portion of such loans outstanding at 1981 December 31 (\$9 382 000 at 1980 December 31).

The non-current segment of the unamortized portion of special payments to the Pension Trust Fund is also included in Sundry (see Note 10). In 1981, the balance amounted to \$9 711 000 (\$3 484 000 in 1980).

Emplaced large diameter polyethylene pipe is now used for a waste water line in a mine. This 16-inch diameter pipe is manufactured by Lomax Pipe Co. and is used in Columbia's Highland Valley. The polyethylene pipe is manufactured in British Columbia, Canada. Lomax Pipe Co. also has specialized resins and markets the pipe in domestic and export markets.

Note 6

Long-Term Debt

(Dollars in thousands)	1981	1980
9-1/2% Notes due 1981 February 15	\$ —	\$ 50 000
10% Mortgage due 1989 December 31	410	—
13-1/2% Debentures — U.S.	—	—
\$65 000 000 due 1991 February 15	77 439	—
10-1/2% Sinking Fund Debentures due 1995 May 01	65 982	69 014
	143 831	119 014
Less: Amount due within one year	9	14
	\$143 822	\$119 000

The mortgage may be repaid in whole or in part without penalty after 1984.

The 13-1/2% debentures may be redeemed at any time in the event that Canadian withholding taxes become payable, or at the option of the Company after 1986 February 15.

Sinking fund provisions of the 10-1/2% debentures require the Company to make payments to the trustee sufficient to retire \$3 000 000 principal amount on May 01 in each year to 1994 inclusive. The Company has purchased \$3 018 000 of debentures on the open market in anticipation of future sinking fund payments and has applied the purchase to offset the current portion of long-term debt.



Note 7**Capital Lease Obligations**

Prior to 1981 the Company had entered into capital leases related to polyester manufacturing. As the Company ceased production of polyester on 1982 February 05, the outstanding obligation at 1981 December 31 of \$3 758 000 became current and is included in Accounts payable and accrued liabilities: Other.

Note 8**Minimum Lease Payments under Operating Leases**

The Company's future minimum lease payments under operating leases are as follows:

Years ending December 31	(Dollars in thousands)
— 1982	\$ 6 396
— 1983	4 967
— 1984	2 472
— 1985	1 777
— 1986	1 166
Remainder	5 216
	\$21 994

Note 9**Related Party Transactions**

In the normal course of business, the Company had transactions with the parent company and affiliates. In 1981, such purchases of goods and services for consumption and resale amounted to \$274 123 000 (1980 — \$217 698 000). Sales to the same group of related companies totalled \$49 192 000 during 1981 (1980 — \$47 171 000).

Note 10**Pension Liabilities**

Pensions for former employees under the Company's non-contributory Pension Plan are based on length of service and average annual earnings in the employee's best consecutive thirty-six months. The costs of the Pension Plan are borne by the Company and payments are made directly to an irrevocable trust fund held by an independent trustee.

As at 1981 December 31, the amount held by the independent trustee (book value \$229 470 000) exceeded the actuarially determined value of pensions earned to that date. Based on projections of service and remuneration to future years when pensions are expected to begin, there was an unfunded past service liability, at 1981 December 31, of approximately \$6 400 000. The past service liability is being funded by regular payments over periods not exceeding fifteen years, as permitted by The Pension Benefits Act of the Province of Ontario.

In 1981 payments to the Pension Trust Fund charged against earnings amounted to \$17 949 000 (1980 — \$15 170 000). A special payment of \$7 047 000 was made to fund the full cost of improvements to existing pensions granted to pensioners late in 1981. This payment is being charged against earnings over fifteen years.



Chemical research requires a variety of sophisticated analytical equipment. Research metallurgist Peter Gordon, seated, and senior research chemist Dick Doughton, work with an advanced type of gas chromatograph/mass spectrometer. Costing about \$250,000, the unit was installed at the Research Centre several months ago.

Notes continued

Note 11

Segmented Information

Industry Segments

(Dollars in thousands)

1981

	Fibres	Chemicals	Plastics and Films	Consolidated
Sales to outside customers	\$ 383 374	\$ 376 173	\$ 379 602	\$ 1 139 149
Operating profit	\$ 16 812	\$ 39 616	\$ 18 447	\$ 74 875
Other income				4 016
General corporate expenses				(3 347)
Interest expense				(21 271)
Income taxes				(20 773)
Net income (loss) — from operations				33 500
— extraordinary item				(38 242)
— total				\$ (4 742)
Identifiable Assets	\$ 206 082	\$ 123 997	\$ 231 581	\$ 561 660
Corporate Assets				62 728
Total Assets				\$ 624 388
Capital Expenditures	\$ 12 060	\$ 5 877	\$ 17 757	
Depreciation and Amortization	\$ 20 688	\$ 9 977	\$ 8 582	

1980

Sales to outside customers	\$ 331 924	\$ 316 623	\$ 346 796	\$ 995 343
Operating (loss) profit	\$ (1 956)	\$ 40 966	\$ 52 532	\$ 91 542
Other income				1 021
General corporate expenses				(3 182)
Interest expense				(16 154)
Income taxes				(30 612)
Net income — from operations				42 615
— extraordinary item				7 916
— total				\$ 50 531
Identifiable Assets	\$ 266 861	\$ 93 313	\$ 204 431	\$ 564 605
Corporate Assets				70 039
Total Assets				\$ 634 644
Capital Expenditures	\$ 13 082	\$ 3 920	\$ 11 583	
Depreciation and Amortization	\$ 21 499	\$ 2 876	\$ 8 282	

Export Sales amounted to \$218 326 000 in 1981 and \$175 223 000 in 1980.

The industry segments have been determined by the directors of the Company as recorded in the minutes of a Board meeting held 1980 February 29. The segments have been determined based on the Statistics Canada Industrial Classification Codes adjusted for marketing and operating conditions within the Company. The Fibres segment consists of the manufacture and marketing of synthetic fibres to the textile, home furnishings, tire and industrial markets. The Chemicals segment consists of the manufacture and marketing of fluorocarbons, petroleum chemicals, finishes, and explosives, the minerals venture, and the resale of a variety of chemical or related products purchased mainly from E.I. du Pont de Nemours & Company and Petrosar

Limited. The Plastics and Films segment covers manufacture and marketing of polyethylene resins, woven polyolefins, polyethylene pipe, polyethylene and other packaging films.

Note 12

Remuneration of Directors and Officers

During 1981, the remuneration of the thirteen directors, (including three past directors) aggregated \$127 000 and of the seventeen officers aggregated \$2 318 000. Three of these officers were also directors.

(Amounts in thousands of dollars except where otherwise noted)

	1981	1980
Operating Results		
Results per common share		
Total earnings (loss)	\$(0.62)	\$6.39
Funds from operations	\$10.37	\$9.55
Dividends	\$1.00	\$0.85
 Sales and other income	 1 143 165	 996 364
Costs and expenses before the following:	1 025 361	869 374
Provision for depreciation, and amortization	42 260	37 609
Interest on borrowed money	21 271	16 154
Taxes on income	20 773	30 612
Extraordinary item	38 242	(7 916)
 Net income (loss)	 (4 742)	 50 531
 Per cent return on:		
Average total investment*	0.7	6.6
Average common shareholders' equity	—	20.1
 Financial Position		
Total current assets	310 408	284 998
Total current liabilities	165 924	163 078
 Net working capital	 144 484	 121 920
Plants and properties at cost	637 550	603 154
Accumulated depreciation and amortization	408 997	324 499
 Plants and properties — net	 228 553	 278 655
Other assets	85 427	70 991
Long-term debt	143 822	122 158
Deferred income taxes	53 232	75 196
 Shareholders' equity	 261 410	 274 212
 General		
Company selling price index —		
manufactured products (1972 = 100)	258	226
Construction expenditures	47 175	53 189
Average total investment* *	1 005 979	896 524
Shareholders' equity per common share	\$32.85	\$34.48
Average number of employees	6 142	5 937
Average total investment per employee	163.8	151.0

Ten-Year Comparison

	1979	1978	1977	1976	1975	1974	1973	1972
\$7.37	\$1.22	\$0.93	\$0.37	\$0.15	\$2.54	\$2.09	\$1.71	
\$14.63	\$6.07	\$4.83	\$2.39	\$3.21	\$6.10	\$5.06	\$3.93	
\$0.75	—	—	\$0.20	\$0.50	\$1.00	\$0.95	\$0.85	
879 619	662 617	537 552	458 832	410 810	369 025	307 954	260 737	
731 686	591 983	477 290	422 786	377 678	312 606	260 059	218 591	
31 429	30 471	27 794	23 471	19 862	17 726	16 766	16 385	
19 949	22 398	19 421	16 551	10 217	4 658	2 160	629	
38 295	7 995	5 573	(1 262)	423	14 797	12 352	11 510	
—	—	—	—	1 295	(994)	—	—	
58 260	9 770	7 474	(2 714)	1 335	20 232	16 617	13 622	
8.5	3.0	2.6	1.0	1.3	4.9	4.4	3.9	
29.1	5.6	4.4	—	0.7	12.4	11.0	9.4	
241 699	190 679	161 544	133 624	139 024	124 837	91 768	83 294	
138 019	160 439	127 871	105 917	97 418	84 123	57 951	37 272	
103 680	30 240	33 673	27 707	41 606	40 714	33 817	46 022	
553 727	531 020	527 898	521 023	458 592	375 610	333 293	292 891	
293 530	265 070	243 496	227 057	208 155	191 758	183 511	170 291	
260 197	265 950	284 402	293 966	250 437	183 852	149 782	122 600	
71 806	61 247	51 240	34 784	20 191	12 844	11 235	10 604	
125 204	125 000	154 517	154 517	104 517	29 517	10 000	10 000	
79 920	54 049	46 006	40 448	41 759	39 153	28 266	21 608	
230 559	178 388	168 792	161 492	165 958	168 740	156 568	147 618	
192	164	156	150	143	127	102	100	
23 339	10 674	16 679	65 793	87 542	53 177	42 948	20 360	
818 645	759 796	714 239	657 197	546 238	465 738	402 816	362 321	
\$28.94	\$22.33	\$21.11	\$20.18	\$20.75	\$21.10	\$19.56	\$18.42	
5 560	5 408	5 473	5 713	5 734	5 746	5 538	5 113	
147.2	140.4	130.5	115.0	95.3	81.1	72.7	70.9	

*Based on net income before interest expense.

**Total investment is based on total assets before deducting accumulated depreciation and amortization; the average is based on the investment of each calendar month.

Fibres

Manufactured:

Nylon continuous filament
yarns, staple, tow and
bulked continuous
filament (BCF) yarns

- **ANTRON**
nylon fibre for textiles
- **ANTRON III**
- **ANTRON PLUS** and
- **ANTRON XL**
nylon fibres for carpets
- **LYCRA**
spandex fibre
- **DACRON**
polyester filament yarn
- **RYTEN**
wrapped filament yarn
- **TEARLOFT**
staple

Fibres

Imports:

• **FRON**
fully temperature resistant
nylon

• **TEFLON**
therocarbon fibre

• **TRAKATOR**
polyester staple

• **AN**
acrylic fibre, staple and
tow

• **PIVYCAR**
ramid fibre

• **COLDRA**
yarn

Polyester Fibres

- **DACRON** and
- **NOLOON**

Trade Mark Identification

* Trade Mark of E.I. du Pont de
Nemours & Company under which
Du Pont Canada Inc. is a
Registered User.

† Trade Mark of E.I. du Pont de
Nemours & Company

* Trade Mark of Du Pont Canada Inc.



Top quality filament and staple
yarns are produced at DuPont's
textile facilities in Canada. These
yarns are used in a variety of
textile products, including
carpets, apparel, and industrial
fabrics. DuPont's commitment to
innovation and quality has
resulted in many breakthroughs
in the textile industry.

Plastics and Films

Manufactured:

- * **CELLOPHANE** cellulose film
- * **SCLAIRFILM** polyolefin film
- * **DARTEK** nylon film
- * **FABRENE** woven polyolefin material
- * **PERFIL** fibrillated polyolefin tape
- * **ANCHOR-BAC** carpet backing
- **VEXAR** plastic netting
- **HEROX** and
- **TYNEX** nylon monofilaments
- * **SCLAIR** polyethylene resins
- **ZYTEL** nylon resins
- * **SCLAIRPIPE** polyethylene pipe
- **ALDYL** polyethylene pipe
- * **DROP-LINE** polyethylene pipe
- * **BRINELINE** plastic pipe
- * **EBONAR** plastic pipe
- * **MIRALINE** plastic pipe
- * **RAIN DRAIN** plastic pipe
- * **SPARLINE** plastic pipe
- * **SCLAIRCOR** polyolefin piping systems
- * **SCLAIRLOC** pipe couplings
- * **ALOUETTE SCB** butt-fusion machine

Resale:

- Butt-fusion equipment for polyolefin pipe
- † **MYLAR** polyester film
- † **KAPTON** polyimide film
- † **TEDLAR PVF** film
- † **TYPAR** spunbonded polypropylene carpet backing
Liquid packaging machines
- **DYMETROL** nylon strapping
- **STREN** nylon fishing line
- † **BUTACITE** polyvinyl butyral resin sheeting for safety glass
- † **VESPEL** precision parts from polyimide resins
- † **CROFON** optical fibre

Plastic materials for moulding and extrusion including:

- **ALATHON** polyolefin resins
- † **DELRIN** acetal resins
- † **LUCITE** acrylic resins
- † **MINLON** engineering thermoplastic resins
- † **RYNITE** polyester resin powders
- † **SURLYN** ionomer resins
- † **TEFLON** fluorocarbon resins
- † **ZYTEL GRZ** glass reinforced nylons and
- † **ZYTEL ST** supertough nylon resins

Polymers for adhesives and coatings including:

- † **ELVACE** acetate/ethylene emulsions
- † **ELVACITE** acrylic resins
- † **ELVALOY** resin modifiers
- † **ELVAMIDE** nylon resins
- † **ELVANOL** polyvinyl alcohol and
- † **ELVAX** vinyl resins

Nylon Monofilaments

- * **HEROX**
- **TYNEX** and
- † **VYLOR**

Polyester Monofilament

- † **OREL**



Our Plastics Division is a leading supplier of a wide range of plastic products. We offer a comprehensive range of materials for a variety of applications, including polyolefins, nylons, acrylics, and other polymers. Our products are used in a wide range of industries, from automotive to food processing, pharmaceuticals, and more.



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Chemicals and Other Products

Manufactured:

- **FREON** fluorocarbon refrigerants, aerosol propellants, industrial solvents and blowing agents
- **DYTEL** leak detectives Antiknock compounds and other petroleum additives
- **VALCLENE** dry-cleaning fluid
- **ALBONE** hydrogen peroxide

Protective and decorative finishes for automotive and industrial uses including:

- **CENTARI** acrylic enamel
- **DEXLAR** flexible acrylic enamel
- **DULUX** alkyd enamel
- **IMRON** polyurethane finish
- **LUCITE** acrylic lacquer
- **SILVERSTONE** non-stick finish
- **TEFLON** non-stick finish

Hydrochloric, nitric and adipic acids

Commercial explosives including:

- * **ENERGEX** and * **ENERGEL** water gel seismic explosives
- **TOVEX** water gels
- **NILITE** and • **TOVITE** blasting agents and
- * **COR-DET** primers

Resale:

- Ammonium nitrate prills and blasting accessories; dynamites
- † **DETAPRIME** primers
- † **DETASHEET** flex explosives
- † **FASLOC** resin-anchored bolting systems
- † **CYREL** and
- † **DYCRIL** photopolymer printing plates and equipment
- † **CROMALIN** photopolymer film, toners, and equipment
- † **CRONALITH** graphic arts and engineering reproduction polyester photographic film and film base
- † **CRONAR** graphic arts and engineering reproduction photographic chemicals and equipment
- † **DYLUX** instant access photographic papers and films Engineering reproduction film, papers, chemical and equipment
- † **CROVEX**,
- † **CRONAFLEX** and
- † **CRONALAR** Data recording film, papers and chemicals
- † **RECRON** microimaging film, chemicals and equipment
- † **RISTON** photopolymer film resists
- † **VACREL** solder mask photopolymer resist BERG connectors, terminals and interconnection systems
- † **BIROX** resistor compositions
- † **FORMON** solder and braze compositions



Maitland Works supplies petroleum additives to refineries throughout the country. The Company has a comprehensive program to inspect and modernize transportation and distribution equipment. There have been no transportation incidents involving petroleum additives since the plant started up 17 years ago. John Snyder is a chemical plant operator at Maitland.

Analytical Instruments
Clinical Systems Products,
including:

† ACA
Automatic Clinical
Analyzer and

† PREP I
sample processor

† CRONEX
medical and industrial
X-ray films, chemicals,
screens, specialty films,
accessories and equipment

† HYTREL
polyester elastomers

† VAMAC
ethylene acrylic
elastomers
Neoprene rubbers

† NORDEL
hydrocarbon rubber

† VITON and

† HYPALON
synthetic rubbers

† ADIPRENE
urethane rubber

Pigments
Organic chemicals

† ZEPEL
rain and stain repelling
fabric fluoridizer

† ZEPHRON
lubricating oil

Spunbonded Fabrics

† REEMAY
polyester,

† TYVEK
olefin and

† TYPAR
polypropylene

Spunlaced Fabric

† SONTARA

Industrial chemicals
Halon 1301 fire
extinguishing agent

† ZELCON
fabric conditioner

† TEFLON
carpet protector

Chemical intermediates

Weed Killers

† AMMATE,
† GLEAN,
† HYVAR,
† KARMEX,
† KRENITE,
† KROVAR,
† LEXONE,
† LOROX,
† SINBAR,
† TUPERSAN and
† VELPAR

Fungicides

† BENLATE,
† LIGNASAN,
† MANZATE 200 and
† TERSAN

Insecticides

† LANNATE and
† MARLATE

Feed Supplement

† HYDAN

* VELVET BOND
enamel primer-surfacer

* KWIK STIK
putties

* KLENE SOL
wax and grease remover
Programmed instruction
courses

Plants

Ajax Works
408 Fairall Street
Ajax, Ontario
L1S 1R6
(416) 683-5500

Les Usines Coteau
C.P. 430
Coteau-du-Lac, Québec
J0P 1B0
(514) 763-5921

Kingston Works
P.O. Box 2100
Kingston, Ontario
K7L 4Z6
(613) 544-6000

Maitland Works
Maitland, Ontario
K0E 1P0
(613) 348-3611

Nipissing Works
P.O. Box 900
North Bay, Ontario
P1B 8K2
(705) 472-1300

St. Clair River Works
Corunna, Ontario
N0N 1G0
(519) 862-1445

Les Usines de Shawinigan
Rue Summit
C.P. 870
Shawinigan, Québec
G9N 6W6
(819) 536-8225

Whitby Works
South Blair Street
P.O. Box 1480
Whitby, Ontario
L1N 5S6
(416) 668-5811

Field Operations Sites (Explosives)

Asbestos, Québec
P.O. Box 26
J1T 3A0
(819) 879-2667

Bathurst, New Brunswick
R.R. No. 2, Box 480
E2A 3Y6
(506) 546-2015

Black Lake, Québec
P.O. Box 188
G0N 1A0
(418) 423-4724

Caledonia, Ontario
P.O. Box 99
NOA 1A0
(416) 768-5831

Granisle, British Columbia
P.O. Box 479
VOJ 1W0
(604) 697-2266

Havre Saint-Pierre, Québec
P.O. Box 938
G0G 1P0
(418) 538-2400

Houston, British Columbia
P.O. Box 1499
VOJ 1Z0
(604) 845-7604

Kitsault, British Columbia
P.O. Box 40
VOV 1J0
(604) 831-2476

Leaf Rapids, Manitoba
P.O. Box 492
ROB 1W0
(204) 473-2415

New Liskeard, Ontario
R.R. No. 2, Group Box 1
Compartment 53
POJ 1P0
(705) 569-3544

Princeton, British Columbia
P.O. Box 35
VOX 1W0
(604) 295-6741

Saskatoon, Saskatchewan
Rabbitt Lake Operation
615 Confederation Drive
Suite 425
Cedar Ridge Estates
S7L 6B8
(306) 633-2141

Sparwood, British Columbia
P.O. Box 40
VOB 2G0
(604) 425-2262

Sudbury, Ontario
18 Durham Street South
P3E 3M3
(705) 566-1110

Timmins, Ontario
16 Borden Avenue
P4N 4E7
(705) 267-1416

Sales Offices

Ajax, Ontario
408 Fairall Street
L1S 1R6
(416) 683-5500

Bedford, Nova Scotia
1600 Bedford Highway
Sunnyside Place
Suite 401
B4A 1E8
(902) 835-5313

Calgary, Alberta
Suite 300, Centre 70
7015 MacLeod Trail South
T2H 2K6
(403) 259-4640

Moncton, New Brunswick
Suite 290
1077 St. George Blvd.
E1E 2E1
(506) 388-2060

Montréal, Québec
555 Dorchester Boul. W.
H2Z 1B1
(514) 861-3861

Sudbury, Ontario
18 Durham Street South
P3E 3M3
(705) 674-0754

Toronto Area
115 Idema Road
Markham, Ontario
L3R 1A9
(416) 498-9380

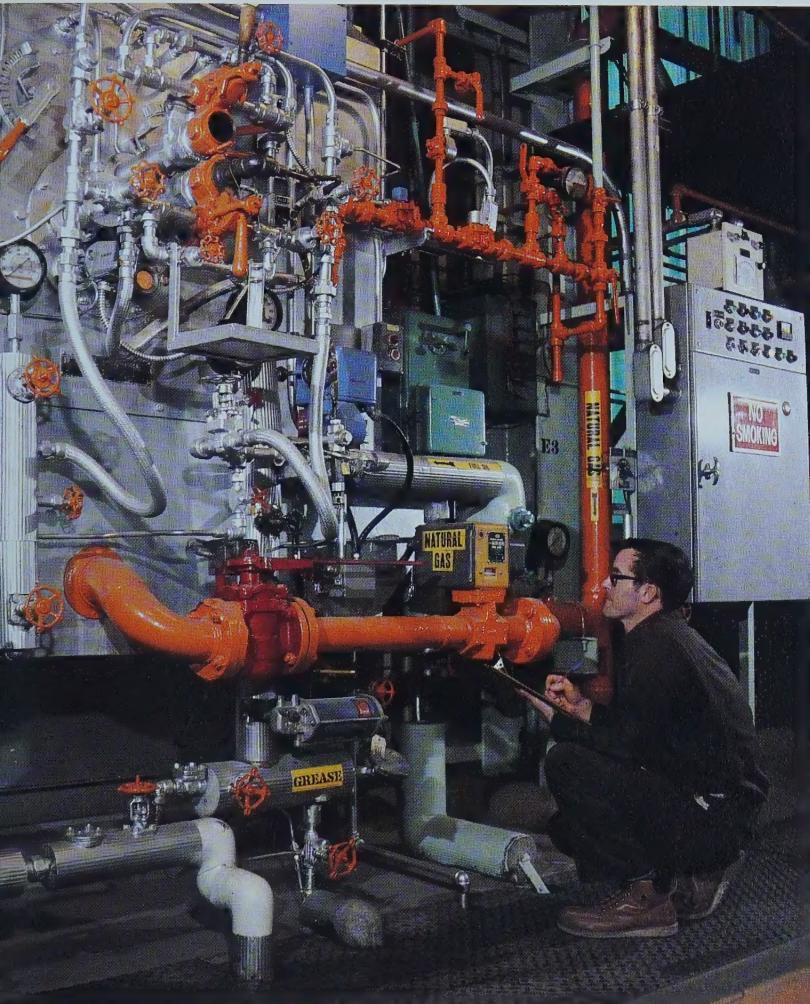
Box 2200, Streetsville
Mississauga, Ontario
L5M 2H3
(416) 821-3300

P.O. Box 26
Toronto Dominion Bank
Tower
Toronto, Ontario
M5K 1B6
(416) 362-5621

Vancouver, British Columbia
1550 Alberni Street
V6G 1A5
(604) 684-9264



The Chemical Emergency Response Team is a corporate unit composed of 18 employees of Maitland Works. The team, combining professional expertise with advanced techniques and equipment, was formed to respond to emergencies involving Company products. It will also respond to emergency requests by public authorities.



Please address inquiries to:

The Vice-President,
Secretary and General Counsel
Du Pont Canada Inc.
Box 2200, Streetsville
Mississauga, Ontario
L5M 2H3

Research Centre

P.O. Box 5000
Kingston, Ontario
K7L 5A5
(613) 544-6400

Customer Technical Centre

P.O. Box 3500
Kingston, Ontario
K7L 5A1
(613) 544-6000

Distribution Centres

6000 Trans Canada Highway
Pointe Claire, Québec
H9R 1B9
(514) 697-8840

75 Venture Drive
Scarborough, Ontario
M1B 3E8
(416) 284-5030

Du Pont of Canada Exploration Limited

1550 Alberni Street
Vancouver,
British Columbia
V6G 1A5
(604) 684-9264

The Company's energy conservation program has resulted in a 29 per cent reduction in energy consumption per unit of production, compared with the 1972 base year. Bob King is a powerhouse operator at the St. Clair River Works.

Stock Listings

Common Stock —
Valuation Day value \$20.25
Montréal Stock Exchange
Toronto Stock Exchange

Preferred Stock —
Valuation Day value \$52.00
Montréal Stock Exchange

Stock Transfer Agent and Registrar

Montréal Trust Company
Montréal, Toronto, Calgary and
Vancouver

Debenture Transfer Agent and Registrar

The Royal Trust Company,
Montréal
Royal Trust Corporation of
Canada
Toronto, Winnipeg, Calgary and
Vancouver

Auditors

Touche Ross & Co.
201 City Centre Drive
Suite 504, Mississauga
Ontario L5B 2T4

